



House of Representatives

General Assembly

File No. 865

January Session, 2009

House Bill No. 6559

House of Representatives, April 30, 2009

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE USE OF THE MASHANTUCKET PEQUOT AND MOHEGAN FUND FOR PROPERTY TAX RELIEF.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-55i of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2009*):

3 (a) There is established the "Mashantucket Pequot and Mohegan
4 Fund" which shall be a separate nonlapsing fund. All funds received
5 by the state of Connecticut from the Mashantucket Pequot Tribe
6 pursuant to the joint memorandum of understanding entered into by
7 and between the state and the tribe on January 13, 1993, as amended
8 on April 30, 1993, and any successor thereto, shall be deposited in the
9 General Fund. During the fiscal year ending June 30, 2000, and each
10 fiscal year thereafter, one hundred thirty-five million dollars, received
11 by the state from the tribe pursuant to said joint memorandum of
12 understanding, as amended, and any successor thereto, shall be
13 transferred to the Mashantucket Pequot and Mohegan Fund and shall
14 be distributed by the Office of Policy and Management, during said

15 fiscal year, in accordance with the provisions of section 3-55j, as
16 amended by this act.

17 (b) In addition to the amount deposited into the Mashantucket
18 Pequot and Mohegan Fund pursuant to subsection (a) of this section,
19 during the fiscal year ending June 30, 2010, and each fiscal year
20 thereafter, all revenue received by the state from the tribe pursuant to
21 said joint memorandum of understanding, that is in excess of the
22 amount of revenue deposited in the General Fund for the fiscal year
23 ending June 30, 2009, shall be transferred to the Mashantucket Pequot
24 and Mohegan Fund and shall be distributed by the Office of Policy and
25 Management, during each fiscal year, in accordance with the
26 provisions of section 3-55j, as amended by this act.

27 (c) The amount of the grant payable to each municipality during any
28 fiscal year, in accordance with said section, shall be reduced
29 proportionately if the total of such grants exceeds the amount of funds
30 available for such year. The grant shall be paid in three installments as
31 follows: The Secretary of the Office of Policy and Management shall,
32 annually, not later than the fifteenth day of December, the fifteenth
33 day of March and the fifteenth day of June certify to the Comptroller
34 the amount due each municipality under the provisions of section 3-
35 55j, as amended by this act, and the Comptroller shall draw an order
36 on the Treasurer on or before the fifth business day following the
37 fifteenth day of December, the fifth business day following the
38 fifteenth day of March and the fifth business day following the
39 fifteenth day of June and the Treasurer shall pay the amount thereof to
40 such municipality on or before the first day of January, the first day of
41 April and the thirtieth day of June.

42 Sec. 2. Section 3-55j of the general statutes is repealed and the
43 following is substituted in lieu thereof (*Effective July 1, 2009*):

44 (a) Twenty million dollars of the moneys available in the
45 Mashantucket Pequot and Mohegan Fund established by section 3-55i,
46 as amended by this act, shall be paid to municipalities eligible for a
47 state grant in lieu of taxes pursuant to section 12-19a in addition to the

48 grants payable to such municipalities pursuant to section 12-19a,
49 subject to the provisions of subsection (b) of this section. Such grant
50 shall be calculated under the provisions of section 12-19a and shall
51 equal one-third of the additional amount which such municipalities
52 would be eligible to receive if the total amount available for
53 distribution were eighty-five million two hundred five thousand
54 eighty-five dollars and the percentage of reimbursement set forth in
55 section 12-19a were increased to reflect such amount. Any eligible
56 special services district shall receive a portion of the grant payable
57 under this subsection to the town in which such district is located. The
58 portion payable to any such district under this subsection shall be the
59 amount of the grant to the town under this subsection which results
60 from application of the district mill rate to exempt property in the
61 district. As used in this subsection and subsection (c) of this section,
62 "eligible special services district" means any special services district
63 created by a town charter, having its own governing body and for the
64 assessment year commencing October 1, 1996, containing fifty per cent
65 or more of the value of total taxable property within the town in which
66 such district is located.

67 (b) No municipality shall receive a grant pursuant to subsection (a)
68 of this section which, when added to the amount of the grant payable
69 to such municipality pursuant to section 12-19a, would exceed one
70 hundred per cent of the property taxes which would have been paid
71 with respect to all state-owned real property, except for the exemption
72 applicable to such property, on the assessment list in such
73 municipality for the assessment date two years prior to the
74 commencement of the state fiscal year in which such grants are
75 payable, except that, notwithstanding the provisions of said subsection
76 (a), no municipality shall receive a grant pursuant to said subsection
77 which is less than one thousand six hundred sixty-seven dollars.

78 (c) Twenty million one hundred twenty-three thousand nine
79 hundred sixteen dollars of the moneys available in the Mashantucket
80 Pequot and Mohegan Fund established by section 3-55i, as amended
81 by this act, shall be paid to municipalities eligible for a state grant in

82 lieu of taxes pursuant to section 12-20a, in addition to and in the same
83 proportion as the grants payable to such municipalities pursuant to
84 section 12-20a, subject to the provisions of subsection (d) of this
85 section. Any eligible special services district shall receive a portion of
86 the grant payable under this subsection to the town in which such
87 district is located. The portion payable to any such district under this
88 subsection shall be the amount of the grant to the town under this
89 subsection which results from application of the district mill rate to
90 exempt property in the district.

91 (d) Notwithstanding the provisions of subsection (c) of this section,
92 no municipality shall receive a grant pursuant to said subsection
93 which, when added to the amount of the grant payable to such
94 municipality pursuant to section 12-20a, would exceed one hundred
95 per cent of the property taxes which, except for any exemption
96 applicable to any private nonprofit institution of higher education,
97 nonprofit general hospital facility or free standing chronic disease
98 hospital under the provisions of section 12-81, would have been paid
99 with respect to such exempt real property on the assessment list in
100 such municipality for the assessment date two years prior to the
101 commencement of the state fiscal year in which such grants are
102 payable.

103 (e) Thirty-five million dollars of the moneys available in the
104 Mashantucket Pequot and Mohegan Fund established by section 3-55i,
105 as amended by this act, shall be paid to municipalities in accordance
106 with the provisions of section 7-528, except that for the purposes of
107 section 7-528, "adjusted equalized net grand list per capita" means the
108 equalized net grand list divided by the total population of a town, as
109 defined in subdivision (7) of subsection (a) of section 10-261,
110 multiplied by the ratio of the per capita income of the town to the per
111 capita income of the town at the one hundredth percentile among all
112 towns in the state ranked from lowest to highest in per capita income,
113 and "equalized net grand list" means the net grand list of such town
114 upon which taxes were levied for the general expenses of such town
115 two years prior to the fiscal year in which a grant is to be paid,

116 equalized in accordance with section 10-261a.

117 (f) Five million four hundred seventy-five thousand dollars of the
118 moneys available in the Mashantucket Pequot and Mohegan Fund
119 established by section 3-55i, as amended by this act, shall be paid to the
120 following municipalities in accordance with the provisions of section
121 7-528, except that for the purposes of said section 7-528, "adjusted
122 equalized net grand list per capita" means the equalized net grand list
123 divided by the total population of a town, as defined in subdivision (7)
124 of subsection (a) of section 10-261, multiplied by the ratio of the per
125 capita income of the town to the per capita income of the town at the
126 one hundredth percentile among all towns in the state ranked from
127 lowest to highest in per capita income, and "equalized net grand list"
128 means the net grand list of such town upon which taxes were levied
129 for the general expenses of such town two years prior to the fiscal year
130 in which a grant is to be paid, equalized in accordance with section 10-
131 261a: Bridgeport, Hamden, Hartford, Meriden, New Britain, New
132 Haven, New London, Norwalk, Norwich, Waterbury and Windham.

133 (g) Notwithstanding the provisions of subsections (a) to (f),
134 inclusive, of this section, the total grants paid to the following
135 municipalities from the moneys available in the Mashantucket Pequot
136 and Mohegan Fund established by section 3-55i, as amended by this
137 act, shall be as follows:

T1	Bloomfield	\$ 267,489
T2	Bridgeport	10,506,506
T3	Bristol	1,004,050
T4	Chaplin	141,725
T5	Danbury	1,612,564
T6	Derby	432,162
T7	East Hartford	522,421
T8	East Lyme	488,160
T9	Groton	2,037,088
T10	Hamden	1,592,270
T11	Manchester	1,014,244

T12	Meriden	1,537,900
T13	Middletown	2,124,960
T14	Milford	676,535
T15	New Britain	3,897,434
T16	New London	2,649,363
T17	North Haven	268,582
T18	Norwalk	1,451,367
T19	Norwich	1,662,147
T20	Preston	461,939
T21	Rocky Hill	477,950
T22	Stamford	1,570,767
T23	Union	38,101
T24	Voluntown	156,902
T25	Waterbury	5,179,655
T26	Wethersfield	371,629
T27	Windham	1,307,974
T28	Windsor Locks	754,833

138 (h) For the fiscal year ending June 30, 1999, and each fiscal year
 139 thereafter, if the amount of grant payable to a municipality in
 140 accordance with this section is increased as the result of an
 141 appropriation to the Mashantucket Pequot and Mohegan Fund for
 142 such fiscal year which exceeds eighty-five million dollars, the portion
 143 of the grant payable to each eligible service district, in accordance with
 144 subsections (a) and (c) of this section shall be increased by the same
 145 proportion as the grant payable to such municipality under this section
 146 as a result of said increased appropriation.

147 (i) For the fiscal year ending June 30, 2003, to the fiscal year ending
 148 June 30, 2006, inclusive, the municipalities of Ledyard, Montville,
 149 Norwich, North Stonington and Preston shall each receive a grant of
 150 five hundred thousand dollars which shall be paid from the
 151 Mashantucket Pequot and Mohegan Fund established by section 3-55i,
 152 as amended by this act, and which shall be in addition to the grants
 153 paid to said municipalities pursuant to subsections (a) to (g), inclusive,
 154 of this section.

155 (j) For the fiscal years ending June 30, 2000, June 30, 2001, and June
156 30, 2002, the sum of forty-nine million seven hundred fifty thousand
157 dollars shall be paid to municipalities, and for the fiscal year ending
158 June 30, 2003, and each fiscal year thereafter, the sum of forty-seven
159 million five hundred thousand dollars shall be paid to municipalities,
160 in accordance with this subsection, from the Mashantucket Pequot and
161 Mohegan Fund established by section 3-55i, as amended by this act.
162 The grants payable under this subsection shall be used to
163 proportionately increase the amount of the grants payable to each
164 municipality in accordance with subsections (a) to (i), inclusive, of this
165 section and shall be in addition to the grants payable under
166 subsections (a) to (g), inclusive, of this section.

167 (k) The amount of the grant payable to each municipality in
168 accordance with subsection (j) of this section shall be reduced
169 proportionately in the event that the total of the grants payable to each
170 municipality pursuant to this section exceeds the amount appropriated
171 for such grants with respect to such year.

172 (l) Notwithstanding the provisions of subsections (a) to (k),
173 inclusive, of this section, for the fiscal year beginning July 1, 2009, and
174 each fiscal year thereafter, revenue deposited in the Mashantucket
175 Pequot and Mohegan Fund pursuant to subsection (b) of section 3-55i,
176 as amended by this act, shall be distributed to municipalities as
177 follows: Thirty-three per cent according to the provisions of section 12-
178 19a, thirty-three per cent according to the provisions of section 12-20a,
179 and the remainder proportionately to municipalities according to the
180 formula in subsection (e) of this section. No municipality shall receive
181 a lesser amount under this section than it received in the fiscal year
182 ending June 30, 2009, except in any year in which total payments to
183 municipalities under sections 12-19a and 12-20a exceed the amounts
184 necessary to reimburse municipalities at the levels required pursuant
185 to said sections, one hundred per cent of all revenues above such
186 amounts shall be distributed to municipalities proportionately
187 according to the formula in subsection (e) of this section.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2009</i>	3-55i
Sec. 2	<i>July 1, 2009</i>	3-55j

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$
Policy & Mgmt., Off.	GF - Revenue Loss	5,000,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 10 \$
All Municipalities	Revenue Gain	Potential Significant

Explanation

Beginning in FY 10, the bill directs any Indian Gaming Revenue received in excess of \$375 million (based on the FY 09 anticipated deposits to the General Fund) to be transferred to the Office of Policy and Management. In FY 10 this is estimated to be \$5 million. These funds are to be distributed as follows: 33% to municipalities under the State Owned PILOT program, 33% to municipalities under the Private College and Hospital program; and the balance of 34% to municipalities based on the property tax relief formula. This results in a revenue increase to municipalities and a decrease in General Fund revenues of \$5 million in FY 10.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to growth in Indian Gaming Revenue relative to the prior fiscal year's Mashantucket Pequot and Mohegan grant appropriation.

OLR Bill Analysis**HB 6559*****AN ACT CONCERNING THE USE OF THE MASHANTUCKET PEQUOT AND MOHEGAN FUND FOR PROPERTY TAX RELIEF.*****SUMMARY:**

This bill requires any increase in Indian gaming revenue the state receives in any fiscal year over the amount of such revenue received in FY 09 to be transferred to the Mashantucket Pequot and Mohegan Fund for distribution to municipalities. It establishes a formula for distributing the additional revenue. The amounts the bill allocates are in addition to the Indian gaming revenue that must be deposited in the fund under current law. The bill does not change the formulas for distributing that revenue.

EFFECTIVE DATE: July 1, 2009

INCREASED REVENUE ALLOCATION TO MASHANTUCKET PEQUOT AND MOHEGAN FUND

Starting in FY 10, the bill allocates to the Mashantucket Pequot and Mohegan Fund any increase in annual Indian gaming revenue the state receives under its agreement with the Indian tribes over the amount of such revenue deposited in the General Fund for FY 09. Current law requires all Indian gaming revenue to be deposited in the General Fund. The Mashantucket Pequot and Mohegan grant appropriation is then transferred to the Mashantucket Pequot and Mohegan Fund for distribution to municipalities. The bill does not change this basic transfer requirement.

MASHANTUCKET PEQUOT AND MOHEGAN FUND INCREASE DISTRIBUTION

The bill requires any increases in annual revenue to the fund to be distributed to municipalities as follows:

1. 33% for additional payments in lieu of taxes (PILOTs) for state-owned property, Indian reservation and trust land, and municipally owned airports;
2. 33% for additional PILOT payments for tax-exempt property owned by private colleges and hospitals; and
3. the remainder proportionately to municipalities based on their relative property wealth, according to the existing property tax relief formula used under current law to distribute \$35 million from the fund.

Under the bill, no town can receive less than it received for FY 09, except, if total PILOT payments to municipalities in any year are more than are needed to reimburse municipalities at the levels required by law, 100% of the remaining revenue must be distributed according to the property tax relief formula.

Under current law, specified amounts of money in the Mashantucket Pequot and Mohegan Fund money are distributed to municipalities according to several formulas including the PILOT grant distribution and property tax relief formulas. Other amounts are distributed as flat grants to specified municipalities. The law also allocates amounts for minimum grants and other special circumstances.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 45 Nay 10 (04/16/2009)